

H.863

An act relating to making miscellaneous amendments to Vermont's retirement laws

It is hereby enacted by the General Assembly of the State of Vermont:

Sec. 1. 3 V.S.A. § 462 is amended to read:

§ 462. REEXAMINATION OF DISABILITY BENEFICIARY

* * *

(c) Every recipient of disability benefits who has not reached his or her normal retirement date shall, annually on a date determined by the Retirement Board, file with the State Treasurer a statement certifying, under penalty of perjury and in such form as the Retirement Board shall prescribe, the full amount of his or her earnings from earned income during the preceding calendar year. The State Treasurer may request, and the beneficiary shall provide within 60 days of such request, additional financial information and records pertinent to the beneficiary's earned income. The beneficiary's statement and accompanying forms and schedules, and any other financial information and records provided by the beneficiary to the State Treasurer shall be confidential. In the event that a beneficiary fails to submit the certification or any required or requested financial information or records pertinent to the beneficiary's earned income, the beneficiary's retirement allowance shall be suspended until all such information and records have been submitted, and in the event that the failure continues for one year, all the

beneficiary's rights in and to his or her pension and any pending reemployment rights under this section may be revoked by the ~~board~~ Board. Notwithstanding any provision of this section to the contrary, if the beneficiary's earned income for the preceding year exceeded the difference between the beneficiary's retirement allowance and his or her average final compensation at retirement, the beneficiary shall refund the portion of the preceding year's retirement allowance that is equal to the amount of the reduction specified in subsection (b) of this section, and the refund amount may be offset against the beneficiary's monthly pension benefits. Prior to suspension or revocation of the beneficiary's retirement allowance, reemployment rights, or inception of any offset under this subsection ~~(e)~~, the Retirement Board shall provide the beneficiary with written notice and an opportunity to be heard.

Sec. 2. 3 V.S.A. § 465 is amended to read:

§ 465. TERMINATION OF SERVICE; ORDINARY DEATH BENEFIT

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(g) The provisions of subsections ~~(b)~~, (c), (d), (e), and (f), ~~and (g)~~ of this section and subdivision (b)(1) of this section shall not apply if benefits are payable under section 464 of this title. The provisions of subdivision (b)(2) of this section shall not apply if the benefits are paid under subsection 464(d) of this title.

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Sec. 3. 3 V.S.A. § 470 is amended to read:

§ 470. POSTRETIREMENT ADJUSTMENTS TO RETIREMENT
ALLOWANCES

(a) For group A, group C, and group D members, as of June ~~30~~ 30th in each year, commencing June 30, 1972, a determination shall be made of ~~the~~ any increase or decrease, to the nearest one-tenth of a percent, in the ratio of the average of the Consumer Price Index for the month ending on that date to the average of said index for the month ending on June 30, 1971, or the month ending on June ~~30~~ 30th of the most recent year subsequent thereto ~~as of which an increase or decrease in retirement allowance was made. If the increase or decrease, so determined,~~ In the event of an increase, and provided that the net increase following the application of any offset as provided in this subsection equals or exceeds one percent, the retirement allowance of each beneficiary in receipt of an allowance for at least one year on the next following December 31st shall be increased ~~or decreased, as the case may be,~~ by an equal percentage. Such increase ~~or decrease~~ shall commence on the January 1st immediately following such December 31st. Such percentage increase ~~or decrease~~ shall also be made in the retirement allowance payable to a beneficiary in receipt of an allowance under an optional election, provided the member on whose account the allowance is payable and such other person shall have received a total of at least 12 monthly payments by such

December 31st. ~~The maximum adjustment of any retirement allowance resulting from any such determination shall be five percent and the minimum shall be one percent, and no retirement allowance shall be reduced below the amount payable to the beneficiary without regard to the provisions of this section.~~ In the event of a decrease of the Consumer Price Index as of June 30th for the preceding year, the retirement allowance of a beneficiary shall not be subject to any adjustment on the next following January 1st; provided, however, that:

(1) such decrease shall be applied as an offset against the first subsequent year's increase of the Consumer Price Index when such increase equals or exceeds one percent, up to the full amount of such increase; and

(2) to the extent that such decrease is greater than such subsequent year's increase, such decrease shall be offset in the same manner against two or more years of such increases, for up to but not exceeding five subsequent years of such increases, until fully offset.

(b) For group F members, as of June ~~30~~ 30th in each year, commencing January 1, 1991, a determination shall be made of ~~the~~ any increase or decrease, to the nearest one-tenth of a percent of the Consumer Price Index for the preceding fiscal year. ~~The~~ In the event of an increase, and provided that there exists a net increase following the application of any offset as provided in this subsection, the retirement allowance of each beneficiary in receipt of an

allowance for at least one year on the next following December 31st shall be increased ~~or decreased, as the case may be,~~ by an amount equal to one-half of the net percentage increase ~~or decrease~~. Commencing January 1, 2014, the retirement allowance of each beneficiary who was an active contributing member of the group F plan on or after June 30, 2008, and who retires on or after July 1, 2008, shall be increased ~~or decreased, as the case may be,~~ by an amount equal ~~percentage of the Consumer Price Index for the preceding year to the net percentage increase~~. The increase ~~or decrease~~ shall commence on the January 1st immediately following such December 31st. The ~~adjustment~~ increase shall apply to group F members receiving an early retirement allowance only in the year following attainment of normal retirement age, provided the member has received benefits for at least 12 months as of December ~~31~~ 31st of the year preceding any January adjustment. ~~The maximum adjustment of any retirement allowance resulting from any such determination shall be five percent and the minimum shall be one percent, and no retirement allowance shall be reduced below the amount payable to the beneficiary without regard to the provisions of this section.~~ In the event of a decrease of the Consumer Price Index as of June 30th for the preceding year, the retirement allowance of a beneficiary shall not be subject to any adjustment on the next following January 1st; provided, however, that:

(1) such decrease shall be applied as an offset against the first subsequent year's increase of the Consumer Price Index, up to the full amount of such increase; and

(2) to the extent that such decrease is greater than such subsequent year's increase, such decrease shall be offset in the same manner against two or more years of such increases, for up to but not exceeding five subsequent years of such increases, until fully offset.

(c) For purposes of subsection (a) of this section, the maximum amount of any increase or decrease utilized to determine the net percentage increase shall be five percent. For purposes of subsection (b) of this section, the maximum amount of any increase or decrease utilized to determine the net percentage increase shall be five percent, and any increase or decrease of less than one percent shall be assigned a value of one percent.

(d) For purposes of this section, Consumer Price Index shall mean the Northeast Region Consumer Price Index for all urban consumers, designated as "CPI-U," in the northeast region, as published by the U.S. Department of Labor, Bureau of Labor Statistics.

~~(d)~~(e) No adjustment increase shall be made pursuant to this section in a deferred vested allowance payable pursuant to subsection 465(a) of this title prior to its commencement.

~~(e) [Repealed.]~~

Sec. 4. 3 V.S.A. § 473 is amended to read:

§ 473. FUNDS

* * *

(b) Member contributions.

* * *

(2) ~~Contributions shall be made on and after the date of establishment at the rate of 6.3 percent of compensation for each group A, D, and F member and at a rate of 8.18 percent of compensation for each group C member. For the period of July 1, 2011 through June 30, 2016, should the annual value of the total increased contributions of group C, D, and F member contributions exceed \$5,300,000.00 on an aggregate basis, any amount in excess of \$5,300,000.00 shall remain in the Retirement System and the State's contribution shall not be reduced by the amount in excess of \$5,300,000.00. Commencing on July 1, 2016 or when, contributions shall be 6.55 percent of compensation for group A, D, and F members and 8.43 percent of compensation for group C members. When the State Employees' Retirement System has been determined by the actuary to have assets at least equal to its accrued liability, whichever occurs first, contributions shall be five percent of compensation for group A, D, and F members and 6.88 percent of compensation for group C members. Commencing July 1, 2019, the rate of contribution applicable to all active group F members shall be 4.75 percent of~~

~~compensation~~ contribution rates will be reevaluated by the actuary with a subsequent recommendation to the General Assembly. In determining the amount earnable by a member in a payroll period, the Retirement Board may consider the annual or other periodic rate of earnable compensation payable to such member on the first day of the payroll period as continuing throughout such payroll period, and it may omit deduction from compensation for any period less than a full payroll period if an employee was not a member on the first day of the payroll period, and to facilitate the making of deductions it may modify the deduction required of any member by such an amount as, on an annual basis, shall not exceed one-tenth of one percent of the annual earnable compensation upon the basis of which such deduction is to be made. Each of the amounts shall be deducted until the member retires or otherwise withdraws from service, and when deducted shall be paid into the Annuity Savings Fund, and shall be credited to the individual account of the member from whose compensation the deduction was made.

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Sec. 5. 3 V.S.A. § 635 is amended to read:

§ 635. COVERAGE; BENEFICIARIES OF DECEASED RETIREES

* * *

(c)(1) Notwithstanding any other provision of this chapter concerning eligibility for health insurance, the surviving spouse and surviving dependents

of an active State employee who dies prior to retirement shall be entitled to continue group health insurance coverage if the Board of Trustees of the Vermont State Employees' Retirement System finds on the basis of such evidence as may come before it that:

(A) the employee died as a result of the willful or reckless act of a third party which was motivated by the employee's status as a governmental employee or by the employee's performance of official duties;

(B) the employee was participating in either the Vermont State Employees' Retirement System or the State of Vermont Defined Contribution Retirement Plan at the time of the employee's death; and

(C) the surviving spouse or surviving dependents were covered by the State group health insurance plan at the time of the employee's death.

(2) The terms of continuing coverage, including the calculation of premiums to be paid by the surviving spouse and surviving dependents and the termination of coverage, shall be in accordance with the provisions of subsection (b) of this section; provided, however, that eligibility for a dependent child shall terminate when the child has attained 18 years of age, or 23 years of age in the case of a dependent student, or such later age as may be required by federal law.

Sec. 6. 16 V.S.A. § 1944b is amended to read:

§ 1944b. RETIRED TEACHERS' HEALTH AND MEDICAL BENEFITS

FUND

* * *

(f) It is the intent of the General Assembly to appropriate the required contributions necessary to pay retired teacher health and medical benefits by combining annual increases in base appropriations, but not from the Education Fund, and surplus revenues as they become available, so that the full cost of retired teacher health and medical benefits payments shall be met in base appropriations by fiscal year 2024. To the extent that other revenue sources are identified, the General Fund obligation shall not be reduced, until all annual disbursements to repay the interfund loan in subsection (e) of this section are satisfied. Contributions to the Benefits Fund shall be irrevocable and it shall be impossible at any time prior to the satisfaction of all liabilities, with respect to employees and their beneficiaries, for any part of the corpus or income of the Benefits Fund to be used for, or diverted to, purposes other than the payment of retiree postemployment benefits to members and their beneficiaries and reasonable expenses of administering the Benefits Fund and related benefit plans.

Sec. 7. 16 V.S.A. § 1949 is amended to read:

§ 1949. POSTRETIREMENT ADJUSTMENTS TO RETIREMENT
ALLOWANCES

(a) For all Group A members, as of June ~~30~~ 30th in each year, beginning June 30, 1972, the Board shall determine ~~the~~ any increase or decrease, to the nearest one-tenth of one percent, in the ratio of the average of the Consumer Price Index for the month ending on that date to the average of the Index for the month ending on June 30, 1971, or the month ending on June ~~30~~ 30th of the most recent year subsequent thereto ~~as to which an increase or decrease in retirement allowance was made. If the increase or decrease, so determined,~~ In the event of an increase, and provided that the net increase following the application of any offset as provided in this subsection equals or exceeds one percent, the retirement allowance of each beneficiary in receipt of an allowance for at least one year on the next following December ~~31~~ 31st shall be increased ~~or decreased, as the case may be,~~ by an equal percentage. ~~The~~ Such increase ~~or decrease~~ shall begin on the January ~~1~~ 1st immediately following that December ~~31~~ 31st. An equivalent percentage increase ~~or decrease~~ shall also be made in the retirement allowance payable to a beneficiary in receipt of an allowance under an optional election, provided the member on whose account the allowance is payable and such other person shall have received a total of at least 12 monthly payments by such

December 31 31st. ~~The maximum adjustment of any retirement allowance in any calendar year resulting from any determination under this section shall be five percent and the minimum shall be one percent, and no retirement allowance shall be reduced below the amount payable to the beneficiary without regard to the provisions of this section.~~ In the event of a decrease of the Consumer Price Index as of June 30th for the preceding year, the retirement allowance of a beneficiary shall not be subject to any adjustment on the next following January 1st; provided, however, that:

(1) such decrease shall be applied as an offset against the first subsequent year's increase of the Consumer Price Index when such increase equals or exceeds one percent, up to the full amount of such increase; and

(2) to the extent that such decrease is greater than such subsequent year's increase, such decrease shall be offset in the same manner against two or more years of such increases, for up to but not exceeding five subsequent years of such increases, until fully offset.

(b) For Group C members, as of June ~~30~~ 30th in each year, commencing June 30, 1981, a determination shall be made of ~~the~~ any increase or decrease, to the nearest one-tenth of a percent of the Consumer Price Index for the preceding fiscal year. ~~The~~ In the event of an increase, and provided that there exists a net increase following the application of any offset as provided in this subsection, the retirement allowance of each beneficiary in receipt of an

allowance for at least one year on the next following December ~~31~~ 31st shall be increased ~~or decreased, as the case may be,~~ by an amount equal to one-half of the net percentage increase ~~or decrease~~. The increase ~~or decrease~~ shall commence on the January ~~1~~ 1st immediately following that December ~~31~~ 31st. The ~~adjustment~~ increase shall apply to Group C members having attained ~~the age of 57 years of age~~ or completed at least 25 years of creditable service as of June 30, 2010, and receiving an early retirement allowance only in the year following attainment of age 62, and shall apply to Group C members not having attained ~~the age of 57 years of age~~ or having completed at least 25 years of creditable service as of June 30, 2010, and receiving an early retirement allowance only in the year following the member's attainment of ~~age 65 years of age~~, provided the member has received benefits for at least 12 months as of December ~~31~~ 31st of the year preceding any January adjustment. ~~The maximum adjustment of any retirement allowance resulting from any such determination shall be five percent and the minimum shall be one percent, and no retirement allowance shall be reduced below the amount payable to the beneficiary without regard to the provisions of this section. In the event of a decrease of the Consumer Price Index as of June 30th for the preceding year, the retirement allowance of a beneficiary shall not be subject to any adjustment on the next following January 1st; provided, however, that:~~

(1) such decrease shall be applied as an offset against the first subsequent year's increase of the Consumer Price Index, up to the full amount of such increase; and

(2) to the extent that such decrease is greater than such subsequent year's increase, such decrease shall be offset in the same manner against two or more years of such increases, for up to but not exceeding five subsequent years of such increases, until fully offset.

(c) For purposes of subsection (a) of this section, the maximum amount of any increase or decrease utilized to determine the net percentage increase shall be five percent. For purposes of subsection (b) of this section, the maximum amount of any increase or decrease utilized to determine the net percentage increase shall be five percent, and any increase or decrease less than one percent shall be assigned a value of one percent.

(d) As used in this section, "Consumer Price Index" shall mean the Northeast Region Consumer Price Index for all urban consumers, designated as "CPI-U," in the northeast region, as published by the ~~United States~~ U.S. Department of Labor, Bureau of Labor Statistics.

~~(d) [Repealed.]~~

Sec. 8. 24 V.S.A. § 5054 is amended to read:

§ 5054. CREDITABLE SERVICE

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(f) The ~~board~~ Board may enter into a prior service purchase agreement with any member who has participated in a public retirement system other than this system. A member who desires to purchase creditable service for service with a public retirement system outside this system must make application to the ~~board~~ Board to purchase such creditable service. Upon approval by the ~~board~~ Board, a member who desires to purchase additional creditable service must deposit in the fund, a lump sum equal to the accrued liability (based on the assumptions and methodology adopted by the ~~board~~ Board) for such additional creditable service. In lieu of a single payment, a member may, subject to the approval of the ~~board~~ Board, contribute in installments of equal monthly payments (over a period not to exceed ~~36~~ 60 months) the actuarial equivalent value (based on assumptions adopted by the ~~board~~ Board) of the lump sum payment described in this section. Any member who terminates prior to completing all required installment payments as approved by the ~~board~~ Board shall receive pro rata credit for service purchased before the member's date of termination, but if so elected at the time of termination, the member may pay as much in a single sum as is necessary to provide full credit at this time. The payments made by the member pursuant to this subsection shall be treated for

all purposes as member contributions. No application may be accepted for purchase of credit for prior service in a public retirement system if at the time of application the member has a vested right to retirement benefits in such public retirement system.

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Sec. 9. VERMONT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
RATES FOR FISCAL YEAR 2017

Notwithstanding the provisions of 24 V.S.A. § 5064(b), for the period July 1, 2016 through June 30, 2017, contributions shall be made by Group A members at the rate of 2.5 percent of earnable compensation, by Group B members at the rate of 4.875 percent of earnable compensation, and by Group D members at the rate of 11.350 percent of earnable compensation. For the period July 1, 2016 through June 30, 2017, contributions shall be made by Group C members at the rate of 10 percent of earnable compensation.

Sec. 10. EFFECTIVE DATE

This act shall take effect on July 1, 2016.